

IX. FUNDING**1. ANNUAL DESCRIPTION OF FUNDS**

In order to receive funds under IDEA, the Missouri Department of Elementary and Secondary Education will annually describe how the amounts retained for State level activities will be used, how amounts will be allocated, and the percentage of those amounts, if any, that will be distributed to LEAs by formula.

If a state's plan for use of the funds described above does not change from the prior year, the State can submit a letter to the Office of Special Education Programs to meet the requirements of this section.

2. CLASS SIZE AND CASELOADS**A. Caseloads for Early Childhood Special Education (ECSE) Services**

The number of personnel approved for each district will be based upon a review of the district's data for early childhood special education. ECSE funding will not be provided for staff serving children who are age 5 and kindergarten age eligible.

Position/Full Time Equivalent	Caseload
Teacher of Centerbased Self-Contained Classroom (see low incidence caseloads in following section)	12-22*
Paraprofessional in ECSE Classroom	12-22*
Teacher of Integrated Classroom (formerly referred to as Reverse Mainstream) (This number is for children with disabilities only; the class must have additional peers without disabilities.) At least ½ of the children must have an IEP/qualify for ECSE. Total class (session) size may not exceed 12.	12-20*
Itinerant Teacher (Includes Speech Therapists and ECSE teachers providing special education services in early childhood programs and/or homes)	Traveling Non-Traveling
	12-30 31-50
Diagnostic Staff - for each position	160
Related Service Staff Employed by District (Occupational Therapist, Physical Therapist, and Speech Therapist)	45-50
ECSE Dedicated Program or Process Coordinator (Administrator)	200
Secretary	200
Nurse (FTE can be increased if additional nursing needs are specifically addressed in IEP(s))	175
Social Worker -	general
	diagnostic
	related services
	175 160 50

*based on 2 half day sessions with a class size of 6-11

B. Caseloads for Kindergarten - Grade 12 Special Education Services

The standards reflect approvable class size and caseloads at any given time during the school year. Variations may be considered upon request to the Division of Special Education, Department of Elementary and Secondary Education. Justification for approved variations may include, but not be limited to, consideration of the availability of certified personnel, the incidence of eligible students, their specified IEP requirements, and the availability of alternative resources for service. The Division of Special Education may require the assignment of a paraprofessional to a particular class as a condition of approval for a caseload exception.

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| 1) Low Incidence Self-Contained Classrooms
(may also be used for early childhood classrooms) | Class Size |
| Multiple Disabilities; Deaf/Blind; Autistic | 5-9 |
| Physically & Other Health Impaired | 5-8 |
| Visually Impaired; Hearing Impaired | 5-8 |
- 2) Speech Language Pathologist may qualify for Exceptional Pupil Aid in two ways:
- a) The pathologist provides direct services to 40-60 children with disabilities. For some students in this count, the pathologist may not be the designated casemanager.
 - b) The district may use the Caseload Calculation Worksheet described on the next page instead of the caseload range to qualify a Speech/Language Pathologist for approval of Exceptional Pupil Aid.

CASELOAD CALCULATION WORKSHEET

1. Total of instructional minutes available per week.	
2. Minutes per week spent in the following activities:	
a. planning time (250 minutes required)	
b. screening time	
c. diagnostic time	
d. staffing time	
e. meeting/consultation time	
f. travel time	
g. other duties	
h. ECSE related activities (therapy, testing, travel, consultation, meetings)	
TOTAL	
3. Subtract the total on line 2 from line 1.	
4. To determine number of hours available per week for therapy divide by 60.	
5. To determine number of hours available per day for therapy divide by 5.	
6. Multiply this number by a factor of 10.	
7. Round this number up to the highest number.	
The product of this number is the maximum number of students that can be served on this individual speech pathologist's caseload.	

Directions:

1. Find this number in your district's core data. Lunchtime is already backed out of minutes of instructional time in core data.
2. The minutes that are added together in this section will be an average of a typical week. The Missouri School Improvement Program (MSIP) resource standards require 250 minutes per week of planning time for all certificated staff.
3. The number obtained on step 7 represents an estimate of the maximum number of students the speech language pathologist would be able to serve. Speech language pathologists whose caseloads contain several students with significant disabilities that may require more services or other unique circumstances may need to have other considerations made concerning their caseload calculation.

This calculation considers the required activities involved in providing services for students who have speech and/or language disorders. The formula is designed to be flexible and will provide an accurate reflection of the responsibilities for one full-time speech/language pathologist.

C. All Other Special Education Caseloads

The number of students to be assigned to a class is determined by use of a formula which combines the number of IEPs for which a teacher is responsible with the aggregate number of equivalent student contact hours accruing to the teacher during the day. The sum equals a Caseload Number which may not exceed 60. The formula is as follows:

$$\#IEPs + CONTACT\# \leq CASELOAD\#$$

#IEPs equals the number of IEPs the teacher is responsible for on a case manager basis;

CONTACT# equals the aggregated number of equivalent student contact hours for the teacher during the day; and,

CASELOAD# equals the limit for service which may be provided by a particular program or class.

Definitions

CASELOAD# is a derived number for the formula and is defined as 60.

CONTACT# is the equivalent of the total number of student contact hours which accrue to the teacher during a normal school day. It includes all students served by the teacher, regardless of which teacher serves as the case manager. The CONTACT# is a computed value, determined by dividing the total student minutes per week (symbolized as STU.MINWK) by the number of minutes per day the teacher has available for direct contact instruction, (symbolized as TEA.MINDAY). Therefore:

$$CONTACT\# = STU.MINWK / TEA.MINDAY$$

STU.MINWK is determined by aggregating the number of minutes per week the students are assigned to the special education teacher, as stated on the student's IEP, without regard for which teacher serves as the Case Manager. STU.MINWK must also include student 'walk-in' time where the district's policy allows for such activity. For students served in a class-within a class (CWC), count only the minutes for up to the first five students.

TEA.MINDAY is the number of minutes per day the teacher is available for instruction in the special education class and is determined by dividing by five (5) the teacher's minutes of instruction per week as reported for special education assignments on the district's Core Data report.

An ALTERNATIVE method of determining TEA.MINDAY is to subtract the total number of minutes for planning time, supplemental duties and assignments, and non special education teaching assignments from the total number of minutes in the district's normal instructional day.

#IEPs is the number of IEPs the teacher is responsible for, on a case manager basis, and is the number traditionally reported as the teacher's caseload under the current State Board Caseload Standards.

How to Use the Formula

The following examples will illustrate the use of the formula:

Example #	STU.MINWK	TEA.MINDAY	CONTACT#	#IEPs	CASELOAD#
1.	8,558	315	27	19	46
2.	10,813	315	34	24	58
3.	13,693	310	44	14	58

In example #1 the teacher serves 19 students and is available for direct instruction 315 minutes per day. The 19 students aggregate, from the IEPs, a total of 8,558 minutes per week with this teacher. The low total minutes would indicate that, on average, these students have mild disabilities and do not require extensive special education service. Dividing the 8,558 STU.MINWK by 315 TEA.MINDAY yields a quotient of 27 for the CONTACT#. Using the formula $\text{CONTACT\#} + \text{\#IEPs} \leq \text{CASELOAD\#}$, add $27 + 19$ to equal 46, a value which is less than the CASELOAD standard of 60. Not only is this class within caseload standards, additional students could probably be added to this teacher's caseload.

Example #2 illustrates the case wherein an additional 5 students, with a total of 2,255 minutes assigned to special education, are added to the caseload in example #1. The STU.MINWK now total 10,813 ($8,558 + 2,255$) which, when divided by the TEA.MINDAY of 315 gives a CONTACT# of 34. The teacher is now responsible for 24 IEPs ($19 + 5$). Adding the CONTACT# to the #IEPs yields a total of $34 + 24 = 58$, which is within the standard.

Example #3 also yields a CASELOAD# of 58 with a teacher serving 14 students. The needs of the students, as measured by the aggregate number of minutes from the IEPs, are more intense and thus the teacher is assigned fewer students. The STU.MINWK of 13,693 divided by the TEA.MINDAY of 310 yields a CONTACT# of 44. The CONTACT# of 44 added to the #IEPs of 14 results in a CASELOAD# of 58.

The IEP provides for students to "drop-in" to the special education classroom on an unscheduled but occasional basis, such as to read a test, then the amount of contact time due to these activities should be estimated and added to the aggregate total of the student minutes per week. If student IEP allows for walk-in or drop-in of students on a regular basis, then the amount of contact time must be estimated and added to the STU.MINWK total in order to prevent inflation of the CASELOAD#.

Implementation

The CASELOAD# of 60 is a LIMIT, not a GOAL. Depending upon the instructional needs of the students, districts will need to designate the appropriate CASELOAD# to be targeted for different situations. For example, elementary classes will generally have a smaller CASELOAD# than secondary classes, due to the greater individual student management needs presented by younger students. However, any class with students who exhibit behaviors requiring more

individualized attention may result in lower CASELOAD#s while classes with students with more independent behaviors may result in higher CASELOAD#s. In general, CASELOAD#s from 35 to 50 at elementary (less in the fall to allow for growth) and 40 to 55 at secondary are considered normal.

When the CASELOAD# rises above 50 the district should evaluate the class to determine whether or not full or part time paraprofessional assistance may be appropriate, especially with classes which more nearly resemble the traditional 'self contained' model. This evaluation should consider such factors as grade/age range of the students assigned; overt behaviors of specific students; students ability to work independently; and whether the teacher is providing support services or is responsible for the initiation of instruction and in how many areas.

Even classes with a CASELOAD# significantly below 60 may require an aide due to an individual student's needs or behaviors. In such cases the paraprofessional would likely be designated and assigned as a personal assistant aide rather than an instructional aide.

Requests for approval of classes for which the CASELOAD# will exceed 60 must be evaluated in terms of individual student and teacher needs. Such approvals will be granted sparingly. Depending upon the individual class situation, a paraprofessional may be required for certain periods, required full time, or permission to extend the CASELOAD# upward may be denied.

D. Alternative Caseload Calculation

Public agencies may submit a request to the DESE for approval of an alternative caseload calculation. The alternative methodology must be submitted in writing and focus upon how district personnel supported by state funds will be distributed. The alternative method cannot be implemented by public agencies unless approved by DESE. There is no appeal process for denied requests.

3. OPERATIONAL POLICIES AND GUIDELINES

Policy No. 1

EQUIPMENT, MATERIALS, AND SUPPLIES: PURCHASE, INVENTORY CONTROL, UTILIZATION, AND DISPOSITION

Materials, equipment, and supplies may be purchased. Prior to any purchases, the local education agency's (LEA) compliance plan for IDEA must be approved. Equipment, materials, and supplies purchased with Part B, IDEA funds are restricted in use to students with disabilities and for the purpose(s) specified in the request for approval or otherwise permissible under EDGAR.

INVENTORY CONTROL, UTILIZATION, AND DISPOSITION OF MATERIALS, SUPPLIES, AND EQUIPMENT (45 CFR, Part 74, Subpart O, Sections 74.130-74.145) (EDGAR)

Federal regulations describe property, other than real property, in two (2) categories: "equipment" and "supplies".

Equipment

"Equipment" means items that are electrical or mechanical in nature or function and have a useful life of at least a year and cost more than \$1,000 per unit. This definition includes the following types of items:

- A. equipment costing \$1,000 or more per unit;
- B. films and other audiovisual "sets" costing \$1,000 or more per unit; and,
- C. any other items such as "kits", "set", etc., which cost \$1,000 or more per unit, and which have a useful life of more than one year.

Requirements of the Inventory Control System to be Established

The following federal requirements must be followed in the establishment and maintenance of an inventory control system for equipment.

- A. Property records shall be maintained accurately. For each item of equipment, the records shall include:
 - 1) a description of the equipment, including manufacturer's model number, if any;
 - 2) an identification number, such as the manufacturer's serial number;
 - 3) identification of the grant under which the recipient acquired the equipment;
 - 4) the information needed to calculate the federal share of the equipment; (see Section 74.142)
 - 5) acquisition date and unit acquisition cost;
 - 6) location, use, and condition of the equipment and the date the information was reported; and,
 - 7) all pertinent information on the ultimate transfer, replacement, or disposition of the equipment.
- B. A physical inventory of equipment shall be taken and the results reconciled with the property records at least once every two (2) years to verify the existence, current

utilization, and continued need for the equipment. A statistical sampling basis is acceptable. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the differences.

- C. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.
- D. Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
- E. Where equipment is to be sold and the federal government is to have a right to part or all of the proceeds, selling procedures shall be established which will provide for competition to the extent practicable and result in the highest possible return.

Disposition of Equipment

When original equipment is no longer to be used in projects or programs currently or previously funded under IDEA-B, the LEA shall check to see if it is usable in other Federal programs and, if not, dispose as surplus equipment under board policy with the proceeds less ten (10) percent going back to special education.

Supplies

"Supplies" means items not electrical or mechanical in nature or function that cost \$500 or less per unit. This includes items that have a useful life of less than a year. Usually material items are expended, consumed, wear out or deteriorate, or otherwise lose their identity.

Disposition of Supplies

If supplies exceeding \$1,000 in total aggregate market value are left over upon termination or expiration of the grant or subgrant for which they were acquired and the supplies are not needed for any project or program currently or previously sponsored by the federal government, the grant shall be credited by an amount computed by multiplying the federal share of the supplies times the current market value or, if the supplies are sold, the proceeds from sale. If the supplies are sold, ten (10) percent of the proceeds may be deducted and retained from the credit, for selling and handling expenses.

Requirements for Local Auditor's Review and Statement

- A. During the annual review made by the local LEA auditor, a review must be made of IDEA-B inventory control according to standard auditing procedures.
- B. The local LEA auditor must state in his/her annual audit report that "state and federal rules applicable to inventory control of materials and equipment are followed and that the LEA is in compliance with applicable federal requirements of the program".

Policy No. 2

RENTAL OR LEASE

The funds available to LEAs under IDEA-B may be used for facility rental or lease for the purpose of developing, providing or improving special education services. Any rental or leasing must comply with the requirements of Appendix A of part 36 of title 28 Code of Federal Regulations (commonly known as the “Americans with Disabilities Accessibility Guidelines for Buildings and Facilities”) or Appendix A, part 101-19.6 of Title 41, Code of Federal Regulations (commonly known as the “Uniform Federal Accessibility Standards”).

Policy No. 3

FUNDING ACCOUNTABILITY -- CONSOLIDATED APPLICATIONS

Cooperative District Arrangement

Composed of LEAs that pool funds for the purpose of participating in coordinated, multi-district special education and related service programs, or for ease of fiscal management.

Fiscal Agent For a Cooperative District Arrangement

It is the responsibility of the fiscal agent to set up a clearing account for the purpose of accounting for revenues and expenditures associated with IDEA-B. LEAs may record this revenue in Code 54.35.

Fiscal Procedures for a Cooperative

- A. The fiscal agent shall record all expenditures of the cooperative; and,
- B. The clearing account with all substantiating documents shall be included in the biennial audit of the financial records.

Participating districts may access the cooperative application on the Division of Special Education Web site and copies from this site may be used for necessary documentation for the audits of the participating districts.

Policy No. 4

PERSONNEL STANDARDS AND REQUIREMENTS

Personnel paid in full or in part from IDEA-B funds must be appropriately prepared and trained as outlined in Regulation VI.8., Personnel Standards of this State Plan.

Personnel paid entirely with Federal funds or from Federal funds and at least one other source must maintain time and effort documentation prescribed in OMB Circular A-87.

Policy No. 5

AUDIT REPORTING AND RECORDS RETENTION

Auditing

A biennial audit of all LEAs will be due in the DESE as required by Sections 165.121, 326.011, 326.021, 326.111, 326.125, and 326.151, RSMo. Audit reporting of IDEA-B transactions should be a part of the regular audit reports and must be in accordance with OMB Circular A- 133.

Information submitted as required for Maintenance of Fiscal Effort will be checked for possible supplant concerns.

Retention of Records

Each LEA or fiscal agent receiving funds from IDEA-B shall keep intact and accessible all records supporting claims for such funds or relating to the accountability of the grantee for the expenditure of such funds:

- A. For three (3) years after the submission and acceptance of the final expenditure report for the fiscal year in which the expenditure was made or until all audit questions are resolved, whichever is later. The Web site for IDEA-B application will keep records for review for three years; and,
- B. Records with respect to equipment and supplies must be retained for three (3) years after their final disposition.

The records involved in any claim or expenditure that has been questioned shall be further maintained until necessary adjustments have been made and such adjustments have been reviewed and approved by the Department of Elementary and Secondary Education and/or the U. S. Department of Education.

Policy No. 6

FISCAL PROCEDURES

General

IDEA-B provides financial assistance to local education agencies (LEAs) to provide for the education of students with disabilities. LEAs may:

- A. Secure entitlement funds by submitting an approvable Compliance Plan as required by IDEA-B.
- B. Secure preschool grant funds by submitting an approvable grant proposal.

LEAs may only expend IDEA-B funds in a manner consistent with federal and state laws and regulations. The Federal regulations for IDEA-B were published in the 34 Code of Federal Regulations Part 300.

LEA Supplant vs. Maintenance Of Fiscal Effort

The topics of supplanting of state and local funded programs and maintenance of fiscal effort are similar but distinctly different concepts. The prohibition against the supplanting of state and locally funded programs with federal funds refers to replacing previously committed state/local funds with federal funds. Supplanting must be monitored at the “expenditure level”. Supplanting is addressed in 34 CFR 300-153, 184, and 230. Maintenance of fiscal effort simply implies a total or per-capita level of state and local expenditures in the current year that is equal to or greater than the preceding year. Maintenance of fiscal effort is addressed in 34 CFR 300-154, 231, 232, and 233. Any federal funds expended during a year in which noncompliance of the prohibition against supplanting or lack of maintenance of fiscal effort occurs are recoverable.

Fiscal effort by a LEA shall be determined by the combined state and local expenditures, including salaries and employee benefits, for full-time staff and the prorated costs of part-time staff that provide special educational services to students with disabilities in the school district.

- A. The total amount or average per capita amount of state and local school funds budgeted by the LEA for expenditures in the current fiscal year for the education of students with disabilities must be at least equal to the total amount or average per capita amount of state and local school funds actually expended for the education of students with disabilities in the most recent preceding fiscal year for which the information is available. Allowance may be made for:
- 1) the voluntary departure, by retirement or otherwise, or departure by just cause, of special education or related services personnel, who are replaced by qualified, lower-salaried staff.
 - 2) a decrease in the enrollment of children with disabilities.
 - 3) the termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child has left the jurisdiction of the agency, has reached the age at which the obligation of the agency to provide FAPE to the child has terminated, or no longer needs the program of special education.
 - 4) the termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

Adjustment to Local Fiscal Effort

In any fiscal year for which a district's federal allocation exceeds the amount the district received in the previous fiscal year, the district may reduce the level of expenditures required for the education of children with disabilities from state and local funds by fifty percent of the amount in excess.

If a local educational agency exercises the authority to reduce their local effort, the agency shall use an amount of local funds equal to the reduction in expenditures to carry out activities authorized under the Elementary and Secondary Education Act of 1965.

If a State educational agency determines that a local educational agency is unable to establish and maintain programs of free appropriate public education that meet the requirements or the State educational agency has taken action against the local educational agency under section 616, the State educational agency shall prohibit the local educational agency from reducing the level of expenditures for that fiscal year.

Districts submitting application for IDEA, Part B funds must provide assurance that funds provided under Part B of the Act shall be used to supplement and, to the extent practicable, increase the level of state and local funds expended for the education of students with disabilities and, in no case, to supplant those state and local dollars except as provided in IDEA. Procedures for meeting this requirement will be in conformity with the regulations as specified at 34 CFR 300.230 and 34 CFR 300.231.

A district which budgets at least the same total or per-capita amount of state and local funds for special education and related services in the current fiscal year compared to the amount actually expended for those purposes in the immediately preceding fiscal year would be in compliance with 34 CFR 300.231 assuming that all other applicable provisions of the IDEA-B have been met, the district would be eligible to receive its grant.

The district must be able to verify the actual amount expended during the first preceding year. Any federal funds expended during a year of noncompliance with either supplant or maintenance of fiscal effort requirements are recoverable.

In the event that the district violates the provisions of 34 CFR 300.231 by failing to maintain fiscal effort, the Department of Elementary and Secondary Education will seek to recover the misspent funds. Office of Management and Budget Circular A-133 requires that the state agency determine whether its subrecipients have spent the federal funds in accordance with applicable laws and regulations and further shall insure that a corrective action is taken within six (6) months after instances of noncompliance with federal laws and regulations have been discovered.

To fulfill this requirement, the state provides two (2) options to the district for resolving the violation and the subsequent recovery of the misspent funds.

Option I - The district may refund the total amount of the grant or the amount by which the district failed to maintain effort from the first preceding fiscal year, whichever is the lesser amount. Such refund of funds shall be made from state and/or local dollars available to the district.

Supporting documentation may be required by the Department to substantiate the status of the local program. The amount of expenditures for special education and related services during the year in which the violation occurred shall be considered as the base year for future determination of fiscal effort.

Option II - The district may deobligate the total amount of the grant or the amount by which the district failed to maintain effort from the prior fiscal year, whichever is the lesser amount. Such a deobligation of federal funds would include a corresponding obligation of a similar amount of state or local dollars for the first preceding fiscal year. By book transfer, the state agency will apply the deobligated federal funds to the district's current IDEA-B project.

Supporting documentation may be required by the Department to substantiate the status of the local programs.

If the district chooses to deobligate the federal funds, the amount of expenditures for the first and second preceding years will be equal and will be considered as the base amount for future determination of fiscal effort.

Accounting and Payment Procedures

- A. Each LEA and each designated fiscal agent for a cooperative application shall maintain a system of accounting which will reveal the cash received and disbursed under the project and the amount of all paid and unpaid obligations attributable to the project. Such funds shall not be commingled with other available monies.
- B. Funds will be transmitted to LEAs or fiscal agents for cooperative applications for the operation of approved activities according to a schedule determined by the DESE. Districts will be advised of the schedule of payments.
- C. Each LEA or designated fiscal agent shall submit a final report that reflects all actual expenditures. This report shall be due no later than thirty (30) days after the ending date of approved plan.
- D. The final payment of cash due a LEA will be transmitted upon receipt and approval by the DESE of the final report. If the LEA has received more money through an approved discretionary project than was actually expended, the LEA shall refund the overpayment within thirty (30) days of the request by the DESE. Overpayment by the DESE on entitlement projects will be credited to initial payment on the ensuing year's project. Appropriate records shall be maintained to verify all expenditures of funds received under IDEA-B.

Withholding of Payments

Whenever the DESE, after reasonable notice and opportunity for a hearing to any LEA, finds a failure to comply with any provision of applicable state or federal law, the DESE will notify the LEA of curtailment of funds under IDEA-B. Only after compliance has been established will funds be released.

Prior to initiating a hearing under this section, the DESE will attempt to resolve any apparent differences with the LEA.

Policy No. 7

INDIRECT COSTS POLICY FOR IDEA-B PROJECTS

In addition to the direct cost of providing instruction and support service to students with disabilities, an IDEA-B project may include indirect costs for administrative services not readily identifiable with a project. Administrative services which typically could be claimed through the indirect cost method includes such cost as general administration of the project, personnel services, budget and financial services, purchasing and procurement, and other services usually provided through the central office of the LEA.

The administrative costs associated with IDEA-B projects are of a type that cannot be readily identifiable. Some examples would be postage, telephone, cost of writing checks, cost of preparing and submitting purchase orders, and other similar costs.

OMB Circular A-87 and the Education Division General Administrative Regulations make it possible for school districts to recover such costs through the establishment of a restricted indirect cost rate. The restricted indirect cost rates are applicable to IDEA-B programs.

A restricted indirect cost rate is, in simplified language, the ratio of general administrative costs incurred by an LEA to all other costs, with certain exclusions. The ratio is determined using a procedure and formula developed by the DESE and approved by the federal government. Each LEA that wishes to recover indirect costs under IDEA-B must request the proper forms from the School Finance Section. Upon completion, the forms will be returned to the School Finance Section for review and approval.

The following are examples of costs that may not be claimed as direct costs to IDEA-B programs, but may be recoverable under the indirect cost method:

- A. salaries of persons who provide administrative services to IDEA-B activities on less than an exclusive basis and whose time cannot be determined and recorded in auditable manner without undue effort;
- B. the salaries of any persons, whether full or part time, who engage in activities which have as their purpose the general regulation, direction, and control of the affairs of the LEA such as bookkeeping, finance, purchasing, data processing, secretarial, clerical, or other personnel services;
- C. audit costs; and,
- D. general administrative expenses such as postage, telephone, administrative travel, and office supplies.

Indirect costs may be claimed by multiplying the approved indirect cost rate by the total direct project costs, minus costs for capital outlay, debt services, or election expenses unless the election is required by a program statute. Should a LEA reduce or increase its IDEA-B project budget during the project period, or fail to expend the entire project budget, the amount of indirect cost allowed must be adjusted accordingly. Records of use of indirect costs calculations will be kept for audit purposes by the local district.

4. MAINTENANCE OF STATE FISCAL SUPPORT

The Missouri Department of Elementary and Secondary Education assures that the State of Missouri will not reduce the amount of its state financial support for special education and related services for children with disabilities or otherwise made available because of excess costs of educating those children, below the amount of that support for the preceding year.

5. POLICIES AND PROCEDURES FOR THE USE OF PART B FUNDS

It is the policy of the Department of Elementary and Secondary Education to award a minimum of 75 percent of the funds received under IDEA, Part B, to local education agencies (LEAs) that have established their eligibility under Section 613, and to state agencies that receive funds under Section 614A(a) of this Act for fiscal year 1997, as then in effect, and have established their eligibility under Section 613, for use in accordance with Part B of IDEA.

Allocation to Local Education Agencies

Interim Procedure-For each fiscal year of which funds are allocated to States under subsection (d) (2), the Missouri Department of Elementary and Secondary Education shall allocate funds in accordance with Section 611(d) of the Act, as in effect prior to the enactment of the Individuals with Disabilities Education Act Amendments of 1997.

Permanent Procedure-For each fiscal year for which funds are allocated to States under subsection (e), the Missouri Department of Elementary and Secondary Education shall allocate funds as follows:

- A. Base Payments - The Missouri Department of Elementary and Secondary Education shall first award each agency the amount that agency would have received under this section for the base year, as defined in subsection (e) (2)(A), if the Missouri Department of Elementary and Secondary Education had distributed 75 percent of its grant for that year under section 611(d), as then in effect.
- B. Allocation of remaining funds - After making allocation, the Missouri Department of Elementary and Secondary Education shall allocate 85 percent of any remaining funds to those agencies on the basis of the relative numbers of children within the district, and allocate 15 percent of those remaining funds to those agencies in accordance with their relative numbers of children living in poverty, as determined by the Missouri Department of Elementary and Secondary Education.

Eligible districts will receive a proportionate share of the total state allocation based upon the number of students in the local district as compared with the aggregate number of students in all districts in the state.

The LEA must have on file with the SEA information to demonstrate that amounts provided to the LEA under Part B of IDEA will be expended in accordance with the applicable provisions of the IDEA, will be used to only to pay the excess costs of providing special education and related services, and will be used to supplement State, local, and other Federal funds and not to supplant those funds.

Early Intervening Services

A local educational agency may not use more than 15 percent of the amount such agency receives under Part B for any fiscal year, less any amount reduced by the agency under adjustments to local fiscal effort, if any, in combination with other amounts (which may include amounts other than education funds), to develop and implement coordinated, early intervening services, which may include interagency financing structures, for students in kindergarten through grade 12 (with a particular emphasis on students in kindergarten through grade 3) who have not been identified as needing special education or related services but who need additional academic and behavioral support to succeed in a general education environment.

In implementing coordinated, early intervening service, a local educational agency may carry out activities that include:

- A. professional development (which may be provided by entities other than local educational agencies) for teachers and other school staff to enable such personnel to deliver scientifically based academic instruction and behavioral interventions, including scientifically based literacy instruction, and, where appropriate, instruction on the use of adaptive and instructional software; and
- B. providing educational and behavioral evaluations, services, and supports, including scientifically based literacy instruction.

Local Agency Use of Funds

Funds provided to the local educational agency under this part may be used for the following activities:

1. Services and aids that also benefit nondisabled children- For the costs of special education and related services, and supplementary aids and services, provided in a regular class or other education-related setting to a child with a disability in accordance with the individualized education program of the child, even if one or more nondisabled children benefit from such services.
2. Early intervening services- To develop and implement coordinated, early intervening educational services as described above.
3. High cost education and related services- To establish and implement cost or risk sharing funds, consortia, or cooperatives for the local educational agency itself, or for local educational agencies working in a consortium of which the local educational agency is a part, to pay for high cost special education and related services.
4. Administrative case management- A local educational agency may use funds received under this part to purchase appropriate technology for recordkeeping, data collection, and related case management activities of teachers and related services personnel providing services described in the individualized education program of children with disabilities that is needed for the implementation of such case management activities.

State Agency Use of Funds

The remainder of the funds is for State-level activities as describe below.

For each fiscal year, the Secretary determines and reports to the Missouri Department of Elementary and Secondary Education an amount that is 25 percent of this amount Missouri received for fiscal year 1997, cumulatively adjusted by the Secretary for each succeeding fiscal year by the lesser of:

- A. the percentage increase, if any from the preceding fiscal year of the State's allocation under Section 611 or the Act; or,
- B. the rate of inflation, as measured by the percentage increase, if any, from the preceding fiscal year in the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor.

State Level Administration

For the purpose of administering Part B of the Act, including Section 619 of the Act (including the coordination of activities under Part B of the IDEA with, and providing technical assistance to, other programs that provide services to children with disabilities), the Missouri Department of Elementary and Secondary Education does not use more than five (5) percent of the maximum amount it may retain under 34 CFR 300.602(a) for any fiscal year.

- A. The Missouri Department of Elementary and Secondary Education uses funds under 34 CFR 300.620 for administration of State activities under Part B of the IDEA and for planning at the State level, including planning, or assisting in the planning, of programs or projects for the education of children with disabilities;
- B. approval, supervision, monitoring, and evaluation of the effectiveness of local programs and projects for the education of children with disabilities;
- C. technical assistance to LEAs with respect to the requirements of Part B of the IDEA;
- D. leadership services for the program supervision and management of special education activities for children with disabilities; and,
- E. other State leadership activities and consultative services.

The Missouri Department of Elementary and Secondary Education may use not more than twenty (20) percent of the remainder of its funds under 34 CFR 300.620 for any of the following A through H:

- A. support and direct services, including technical assistance and personnel development and training;
- B. administrative costs of monitoring and complaint investigation, but only to the extent that those costs exceed the costs incurred for those activities during fiscal year 1985;
- C. to establish and implement the mediation process required by 34 CFR 300.506, including providing for the costs of mediators and support personnel;
- D. to assist LEAs in meeting personnel shortages;
- E. to develop a State Improvement Plan under subpart 1 of Part D of the Act;
- F. activities at the State and local levels to meet the performance goals established by the State under 34 CFR 300.137 and to support implementation of the State

Improvement Plan under subpart 1 of Part D of the Act if the State receives funds under that subpart;

- G. to supplement other amounts used to develop and implement a Statewide coordinated services system designed to improve results for children and families, including children with disabilities and their families, but not to exceed one percent of the amount received by the State under Section 611 of the Act. This system must be coordinated with and, to the extent appropriate, build on the system of coordinated services developed by the State under Part C of the Act; and,
- H. for subgrants to LEAs to assist them in providing direct services and in making systemic changes to improve results for children with disabilities through one or more of the following:
 - 1) direct services, including alternative programming for students who have been expelled from school, and services for students in correctional facilities, students enrolled in state-operated or state-supported schools, and students in charter schools;
 - 2) addressing needs or carrying out improvement strategies identified in the State's Improvement Plan under sub-part D of IDEA;
 - 3) adopting promising practices, materials, and technology, based on knowledge derived from education research and other sources;
 - 4) establishing, expanding, or implementing interagency agreements and arrangements between LEAs and other agencies or organizations concerning the provision of services to children with disabilities and their families;
 - 5) increasing cooperative problem-solving between parents and school personnel, and promoting the use of alternative dispute resolution.

6. PROHIBITION AGAINST COMMINGLING

The Missouri Department of Elementary and Secondary Education assures that funds of Part B of the IDEA are not commingled with state funds by the use of a separate accounting system that includes an audit trail of expenditures for Part B funds as specified in 34 CFR 300.152.

Local education agencies may use funds under Part B of the IDEA for the costs of special education and related services and supplementary aids and services provided in a regular class or other education related setting to a child with a disability in accordance with the IEP of the child, even if one or more non-disabled children benefit from these services.

7. RECOVERY OF FUNDS FOR MISCLASSIFIED CHILDREN

It is the policy of the Department of Elementary and Secondary Education to recover IDEA funds paid for services to any child who is determined to be misclassified. Children misclassified, in accordance with 34 CFR 300.145, 611 (a) or (d), include those who:

- A. are not enrolled in a school or program operated or supported by a public agency;
- B. are not provided special education services that meet State standards;

- C. are not provided with a related service that they need to assist them in benefiting from special education; and,
- D. are receiving special education funded solely by the Federal Government.

The Department of Elementary and Secondary Education will receive and investigate information, complaints, or allegations that a child receiving special education services has been misclassified as eligible for funds. Further, the State Department of Elementary and Secondary Education shall make routine periodic inspections of school districts having a responsibility to provide special educational services to children with disabilities to determine whether such children receiving special educational services have been misclassified.

Procedure for Recovery of Funds

- A. After determination that a district/public agency has misclassified a student, the Division of Special Education shall:
 - 1) notify the district/public agency of the findings in writing;
 - 2) advise the district/public agency of the right to a hearing as specified in Regulation VII.1., Hearing Related to LEA Eligibility;
 - 3) initiate recovery actions if the results of the hearing so indicate or if the district/public agency does not seek a hearing; and,
 - 4) notify the district/public agency, in writing, that action will be taken to adjust the entitlement payment to the district in the amount consistent with the permanent procedure used for allocating Federal funds to which the district was entitled under IDEA (Section 611).

If the balance of entitlement payments is insufficient to pay the amount due, repayment by the district must be received within sixty (60) days of the date of the letter. If the district/public agency fails to make the required payment within the time authorized, the Department of Elementary and Secondary Education shall notify the Office of the State Attorney General, which office will initiate appropriate action to recover the funds due.

8. STATE LEVEL NONSUPPLANTING

The Missouri Department of Elementary and Secondary Education assures the Secretary that funds paid to the state under Part B of the IDEA are used to supplement the level of federal, state, and local funds expended for special education and related services provided to children with disabilities under Part B of the IDEA and, in no case, to supplant these federal, state, and local funds beyond that provided by IDEA.